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(incorporated in the Cayman Islands with limited liability)

(Stock code: 2663)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2023

		Six months ended 30 September	
	<i>Notes</i>	2023	2022
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Revenue	3	317,899	292,621
Cost of revenue		<u>(265,207)</u>	<u>(246,253)</u>
Gross profit		52,692	46,368
Government subsidies		–	2,130
Other income and gains		2,621	307
Marketing and distribution expenses		(1,126)	(121)
Administrative and other operating expenses		(23,384)	(20,048)
Finance costs		<u>(1,746)</u>	<u>(576)</u>
Profit before income tax	4	29,057	28,060
Income tax expense	5	<u>(4,847)</u>	<u>(4,633)</u>
Profit for the period		24,210	23,427
Other comprehensive income for the period		<u>(1,243)</u>	<u>(1,769)</u>
Total comprehensive income for the period		<u>22,967</u>	<u>21,658</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	7		
Basic and diluted earnings per share		<u>4.35</u>	<u>3.90</u>

Condensed Consolidated Statement of Financial Position

As at 30 September 2023

		As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	11,891	13,588
Investment property	8	4,176	4,434
Goodwill		601	601
Deposits	10	1,575	1,787
Deferred tax assets		139	139
		<u>18,382</u>	<u>20,549</u>
Current assets			
Inventories		9,973	17,705
Contract assets	9	82,748	113,403
Trade and other receivables, deposits and prepayments	10	250,855	220,664
Tax recoverable		697	712
Fixed term deposit		–	10,125
Cash and bank balances		119,669	114,818
		<u>463,942</u>	<u>477,427</u>
Current liabilities			
Contract liabilities	9	66,817	55,513
Trade and other payables	11	112,986	122,239
Lease liabilities		4,470	5,489
Tax payable		5,885	1,608
Bank borrowings	12	20,000	45,867
		<u>210,158</u>	<u>230,716</u>

	<i>Notes</i>	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Net current assets		<u>253,784</u>	<u>246,711</u>
Total assets less current liabilities		<u>272,166</u>	<u>267,260</u>
Non-current liabilities			
Lease liabilities		2,059	3,410
Deferred tax liabilities		<u>56</u>	<u>58</u>
		<u>2,115</u>	<u>3,468</u>
Net assets		<u><u>270,051</u></u>	<u><u>263,792</u></u>
CAPITAL AND RESERVES			
Share capital	<i>13</i>	5,569	5,569
Reserves		<u>264,482</u>	<u>258,223</u>
Total equity		<u><u>270,051</u></u>	<u><u>263,792</u></u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	Share capital HK\$'000	Share premium* HK\$'000	Merger reserve* HK\$'000	Exchange reserve* HK\$'000	Retained profits* HK\$'000	Total HK\$'000
Six months ended 30 September 2022 (unaudited)						
At 1 April 2022	6,000	33,942	7,437	933	199,053	247,365
Profit for the period	–	–	–	–	23,427	23,427
Other comprehensive income for the period	–	–	–	(1,769)	–	(1,769)
Total comprehensive income for the period	–	–	–	(1,769)	23,427	21,658
Transactions with owners: Final dividend in respect of 2022 (note 6)	–	–	–	–	(9,000)	(9,000)
At 30 September 2022 (unaudited)	<u>6,000</u>	<u>33,942</u>	<u>7,437</u>	<u>(836)</u>	<u>213,480</u>	<u>260,023</u>
Six months ended 30 September 2023 (unaudited)						
At 1 April 2023	5,569	23,829	7,437	(243)	227,200	263,792
Profit for the period	–	–	–	–	24,210	24,210
Other comprehensive income for the period	–	–	–	(1,243)	–	(1,243)
Total comprehensive income for the period	–	–	–	(1,243)	24,210	22,967
Transactions with owners: Final dividend in respect of 2023 (note 6)	–	–	–	–	(16,708)	(16,708)
At 30 September 2023 (unaudited)	<u>5,569</u>	<u>23,829</u>	<u>7,437</u>	<u>(1,486)</u>	<u>234,702</u>	<u>270,051</u>

* The total of these equity accounts as at 30 September 2022 and 2023 represent “Reserves” in the condensed consolidated statements of financial position.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	Six months ended	
	30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash generated from/(used in) operating activities	42,102	(34,843)
Cash flows from investing activities		
Purchase of property, plant and equipment (<i>note 8</i>)	(1,641)	(492)
Withdrawn fixed term deposit	10,125	–
Interest received	1,238	106
	<u>9,722</u>	<u>(386)</u>
<i>Net cash generated from/(used in) investing activities</i>	<u>9,722</u>	<u>(386)</u>
Cash flows from financing activities		
Dividends paid (<i>note 6</i>)	(16,708)	–
Interest paid on bank borrowings	(1,574)	(468)
Proceed from bank borrowings	190,000	40,000
Repayment of bank borrowings	(215,867)	(902)
Payment of principal element of lease liabilities	(2,224)	(2,456)
Payment of interest element of lease liabilities	(172)	(108)
	<u>(46,545)</u>	<u>36,066</u>
<i>Net cash (used in)/generated from financing activities</i>	<u>(46,545)</u>	<u>36,066</u>
Net increase in cash and cash equivalents	5,279	837
Cash and cash equivalents at the beginning of period	114,818	105,400
Effect of exchange rate changes on cash and cash equivalents	(428)	1,076
	<u>119,669</u>	<u>107,313</u>
Cash and cash equivalents at the end of period	119,669	107,313
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>119,669</u>	<u>107,313</u>

Notes to the Condensed Consolidated Financial Statements

1. CORPORATE INFORMATION

KPa-BM Holdings Limited (the “Company”) was incorporated as an exempted company in the Cayman Islands with limited liability on 15 May 2015. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at 27/F., The Octagon, 6 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong.

The Group, comprising the Company and its subsidiaries, is principally engaged in (i) provision of structural engineering works; (ii) supply and installation of building material products; and (iii) trading of building material products.

The Company’s parent is Success Wing Investments Limited (“Success Wing”), a company incorporated in the British Virgin Islands (“BVI”). In the opinion of the directors, Success Wing is also the ultimate parent of the Company.

The condensed consolidated financial statements of the Group for the six months ended 30 September 2023 (the “interim financial statements”) are unaudited, but have been reviewed by the audit committee of the Company. These interim financial statements were approved for issue by the Company’s board of directors on 22 November 2023.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 ‘Interim Financial Reporting’ issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2023 (“2023 Financial Statements”) which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

The interim financial statements have been prepared under the historical cost basis except for investment properties which are measured at fair value. The interim financial statements are presented in Hong Kong dollars (“HK\$”), which is same as the functional currency of the Company and its major subsidiaries.

The accounting policies applied and methods of computation used in the preparation of the interim financial statements are consistent with those used in 2023 Financial Statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of the new or revised HKFRSs issued by the HKICPA as set out in note 2.1.

Adoption of new or revised HKFRSs

2.1 Adoption of new or revised HKFRSs effective on 1 April 2023

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period and relevant to the Group:

Amendments to HKAS 1 and HKFRS Practice Statement	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The new or revised HKFRSs that are effective from 1 April 2023 did not have material impact on the Group's accounting policies and did not require retrospective adjustments.

3. SEGMENT INFORMATION AND REVENUE

(a) The following summary describes the operations in each of the Group's reportable operating segments:

Structural Engineering Works – This segment mainly engages in the provision of structural engineering works for public and private sectors in Hong Kong and the Group mainly acts as a subcontractor.

Supply and Installation of Building Material Products – This segment engages in supply of building material products with installation services provided in Hong Kong.

Trading of Building Material Products – This segment mainly engages in sales of building material products to third-party customers in Hong Kong, the People's Republic of China ("PRC") (other than Hong Kong) and overseas.

Information regarding the Group's reporting segments including the reportable segment revenue, segment profit, reconciliation to revenue and profit before income tax are as follows:

Six months ended 30 September 2023 (unaudited)	Structural Engineering Works HK\$'000	Supply and Installation of Building Material Products HK\$'000	Trading of Building Material Products HK\$'000	Total HK\$'000
Segment revenue				
Sales to external customers	288,214	24,460	5,225	317,899
Intersegment sales	–	38	75	113
	<u>288,214</u>	<u>24,498</u>	<u>5,300</u>	<u>318,012</u>
Elimination of intersegment sales				<u>(113)</u>
				<u>317,899</u>
Segment profit	<u>34,124</u>	<u>3,713</u>	<u>1,529</u>	39,366
Corporate and unallocated income				2,621
Corporate and unallocated expenses				
– Administrative and other operating expenses				(11,184)
– Finance costs				<u>(1,746)</u>
Profit before income tax				<u>29,057</u>

Six months ended 30 September 2022 (unaudited)	Structural Engineering Works <i>HK\$'000</i>	Supply and Installation of Building Material Products <i>HK\$'000</i>	Trading of Building Material Products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue				
Sales to external customers	264,761	25,560	2,300	292,621
Intersegment sales	—	77	444	521
	<u>264,761</u>	<u>25,637</u>	<u>2,744</u>	293,142
Elimination of intersegment sales				<u>(521)</u>
				<u>292,621</u>
Segment profit	<u>36,375</u>	<u>5,108</u>	<u>1,279</u>	42,762
Corporate and unallocated income				2,437
Corporate and unallocated expenses				
– Administrative and other operating expenses				(16,563)
– Finance costs				<u>(576)</u>
Profit before income tax				<u>28,060</u>

During the period, the segment asset had not been presented as there has not been a material change from the 2023 Financial Statements for the reportable segment.

- (b) In the following table, revenue from contracts with customers is disaggregated by major products and service lines and timing of revenue recognition provided to the group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period.

Disaggregation of revenue

Six months ended 30 September (unaudited)

	Structural Engineering Works		Supply and Installation of Building Material Products		Trading of Building Material Products		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Timing of revenue recognition								
Point in time	-	-	-	-	5,225	2,300	5,225	2,300
Over time	288,214	264,761	24,460	25,560	-	-	312,674	290,321
	<u>288,214</u>	<u>264,761</u>	<u>24,460</u>	<u>25,560</u>	<u>5,225</u>	<u>2,300</u>	<u>317,899</u>	<u>292,621</u>

4. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging the following:

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation in respect of:		
Right-of-use assets included in property, plant and equipment under the following categories:		
- Other properties leased for own use	2,210	2,276
Other property, plant and equipment	852	784
	<u>3,062</u>	<u>3,060</u>
Employee benefit expenses (including directors' emoluments)		
- Salaries, allowances and benefits in kind	31,669	22,569
- Contribution to defined contribution retirement plan	894	721
	<u>32,563</u>	<u>23,290</u>

5. INCOME TAX EXPENSE

The amounts of income tax expense in the unaudited condensed consolidated statement of comprehensive income represents:

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax for the period		
– Hong Kong Profits Tax	3,717	4,633
– Other regions of the PRC		
– Enterprise Income Tax (“EIT”)	<u>1,130</u>	<u>–</u>
Total income tax expense	<u><u>4,847</u></u>	<u><u>4,633</u></u>

Hong Kong Profits Tax is calculated at 16.5% (Six months ended 30 September 2022: 16.5%) on the estimated assessable profits for the period.

EIT arising from other regions of the PRC is calculated at 25% (Six months ended 30 September 2022: 25%) on the estimated assessable profits for the period.

6. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2023 (30 September 2022: nil).

The final dividend in respect of the year ended 31 March 2023 amounting to HK\$16,708,000 was paid in September 2023.

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the following data:

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings		
Profit for the period attributable to owners of the Company	24,210	23,427
	<u><u>24,210</u></u>	<u><u>23,427</u></u>
	Number of shares (thousands)	
Weighted average number of ordinary share in issue		
Weighted average number of ordinary shares in issue during the period	556,930	600,000
	<u><u>556,930</u></u>	<u><u>600,000</u></u>

Diluted earnings per share are same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the current period and prior period.

8. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the six months ended 30 September 2023, the Group used approximately HK\$200,000, HK\$898,000, HK\$514,000 and HK\$29,000 on acquisition of leasehold improvement, computer equipment plant and machinery and furniture and fixture respectively (six months ended 30 September 2022: approximately HK\$33,000, HK\$205,000, nil and HK\$39,000 respectively).

The Group has not disposed any of its property, plant and equipment during the period (six months ended 30 September 2022: nil).

As at 30 September 2023, the Group has not pledged its leasehold land and buildings to secure the bank borrowings and banking facilities granted to the Group (31 March 2023: nil).

The investment property was carried at fair value. The fair value of the investment property as at 30 September 2023 was approximately HK\$4,176,000 (31 March 2023: approximately HK\$4,434,000), which was determined by the directors by reference to recent market prices for property in the similar locations and conditions. The fair value of investment property as at 30 September 2023 and 31 March 2023 is a level 3 recurring fair value measurement. No fair value gain or loss arose from remeasurement of the investment property as at 30 September 2023 (six months ended 30 September 2022: nil). None of the investment property was pledged to banks to secure for the bank borrowings and banking facilities granted to the Group.

9. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract Assets

	As at 30 September 2023 (Unaudited) <i>HK\$'000</i>	As at 31 March 2023 (Audited) <i>HK\$'000</i>
Contract assets arising from:		
– Structural engineering works	83,529	112,664
– Supply and installation of building material products	<u>1,057</u>	<u>3,258</u>
	84,586	115,922
Less: Loss allowance	<u>(1,838)</u>	<u>(2,519)</u>
	<u><u>82,748</u></u>	<u><u>113,403</u></u>

(b) Contract Liabilities

	As at 30 September 2023 (Unaudited) <i>HK\$'000</i>	As at 31 March 2023 (Audited) <i>HK\$'000</i>
Contract liabilities arising from:		
– Structural engineering works	56,843	49,264
– Supply and installation of building material products	9,974	4,940
– Trading of building material products	<u>–</u>	<u>1,309</u>
	<u><u>66,817</u></u>	<u><u>55,513</u></u>

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2023 (Unaudited) <i>HK\$'000</i>	As at 31 March 2023 (Audited) <i>HK\$'000</i>
Trade receivables (<i>note (a)</i>)	124,255	97,150
Less: Loss allowance	(2,099)	(1,641)
Trade receivables, net	122,156	95,509
Retention receivables	125,300	104,270
Less: Loss allowance	(3,440)	(2,863)
Retention receivables, net (<i>note (b)</i>)	121,860	101,407
Other receivables	3,288	9,723
Deposits	2,255	2,326
Prepayments	2,871	13,486
	8,414	25,535
Less: non-current portion-deposits	(1,575)	(1,787)
	250,855	220,664

Notes:

- (a) The ageing analysis of the net carrying amount of trade receivables, based on invoice date, as of the end of the reporting period is as follow:

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
0–30 days	57,413	41,661
31–60 days	32,982	35,052
61–90 days	13,437	1,167
Over 90 days	18,324	17,629
	<u>122,156</u>	<u>95,509</u>

- (b) Retention receivables

The retention receivables as of the end of the reporting period are to be settled, based on the terms and conditions in relation to the release of the retention monies by customers and taking into account the status of rectification work, as follows:

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
On demand or within one year	9,749	5,425
After one year or more	112,111	95,982
	<u>121,860</u>	<u>101,407</u>

Based on the assessment of the directors, no impairment allowance is necessary for the net retention receivables outstanding at the end of the of the reporting periods as those balances are from customers with long business relationship and there has not been a significant change in their credit quality.

(c) Credit policy

In respect of structural engineering and supply and installation of building material products, the Group usually submits a payment application for interim payment on a monthly basis. The customer usually issues an interim payment certificate within one month from application submission and payment will be settled within another one month. For trading of building material products, the Group usually requires customers to pay a deposit in a mutually agreed percentage of the order amount and grants a credit period of 30 days upon delivery of products to customers.

11. TRADE AND OTHER PAYABLES

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Trade payables	53,756	68,950
Bill payables	5,352	-
Trade and bills payables (<i>note (a)</i>)	59,108	68,950
Retention payables (<i>note (b)</i>)	40,365	39,603
Accrued staff cost	6,800	9,522
Other payables and accruals	6,713	4,164
	<u>112,986</u>	<u>122,239</u>

Notes:

- (a) The ageing analysis of trade and bill payables, based on invoice date, as of the end of the reporting period is as follows:

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
0–30 days	32,509	43,131
31–60 days	20,688	18,913
61–90 days	4,281	803
Over 90 days	1,630	6,103
	<u>59,108</u>	<u>68,950</u>

- (b) Based on the terms and conditions agreed in relation to the release of retention monies to subcontractors and taking into account the status of rectification work, the retention payables as at the end of the reporting period are to be settled as follows:

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
On demand or within one year	32,292	35,568
After one year or more	8,073	4,035
	40,365	39,603

12. BANK BORROWINGS

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Bank borrowings repayable within one year	20,000	45,867

The bank borrowings, including trade financing, are interest bearing at the bank's prime rate or the bank's prime rate adjusted by certain basis points per annum. The interest rate of the Group's bank borrowings as at 30 September 2023 granted under banking facilities was 5.69%-7.40% (31 March 2023: 2.2%-8.9%) per annum. The bank borrowings are subject to repayment on demand clause. As at 30 September 2023 and 31 March 2023, the banking facilities granted to the Group were secured by the corporate guarantee provided by the Company.

13. SHARE CAPITAL

Ordinary shares	Par value HK\$	Number of shares	Amount HK\$'000
Authorised:			
At 30 September 2023 and 31 March 2023	0.01	2,000,000,000	20,000
Issued and fully paid:			
At 30 September 2023 and 31 March 2023	0.01	556,930,000	5,569

14. GUARANTEE

The Group provided guarantee in respect of the surety bonds issued in favour of the customers of Group's certain construction contracts. The Group has unconditionally and irrecoverably agreed to indemnify the bank as issuers of the bonds for claims and losses they may incur in respect of the bonds. Details of these guarantees as at the end of the reporting period are as follows:

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Aggregate value of the surety bonds issued in favour of customers	28,115	7,276

As assessed by the directors, it is not probable that the bank would claim the Group for losses in respect of the guarantee contracts as it is unlikely that the Group is unable to fulfill the performance requirements of the relevant contracts. Accordingly, no provision for the Group's obligations under the guarantees has been made.

15. LITIGATIONS

As at 30 September 2023, there was no any pending legal case with material claim amount against the Group.

16. RELATED PARTY TRANSACTIONS

During the six months period ended 30 September 2023 and 2022, the Group entered into the following transactions with related parties:

The remuneration of directors and other members of key management during the periods was as follows:

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Salaries, allowances and benefits	6,755	3,600
Contributions to defined contribution retirement plan	18	18
	6,773	3,618

17. EVENT AFTER THE REPORTING PERIOD

No event has occurred after 30 September 2023 and up to the date of this announcement which would have a material effect on the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Background, recent development and outlook

KPa-BM Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are principally engaged in (i) provision of structural engineering works with a focus on design and build projects in Hong Kong; (ii) supply of building material products together with installation services of such products in Hong Kong; and (iii) trading of building material products predominately in Hong Kong.

Business operation of the Group remained relatively stable and key projects progressed smoothly for the six months ended 30 September 2023 (the “Period”). In particular, the project for the design, supply and fixing of roof claddings for a sports facilities in Kowloon City achieved favourable progress and recorded a revenue growth of over HK\$28 million for the Period, and remained as the largest revenue contributor to the Group. Furthermore, the Group successfully negotiated for settlement of compensation for variation works on a project near to completion, thereby rendering an improvement to profit margin of the Group for the Period.

The Group’s value of outstanding contracts on hand as at 30 September 2023 amounted to approximately HK\$1,022 million, with four key projects awarded subsequent to interim period end amounted to HK\$146 million. The outlook of the Group for the remaining part of the financial year and the near term is positive.

Looking further ahead, the Lantau Tomorrow Vision and Northern Metropolis development plans will propel Hong Kong’s integration into the Greater Bay Area development blueprint of the PRC state government strategy and will bring about large amount of construction activities, including building structures and roadways, including six major transport infrastructure projects announced by the government in year 2022. Accordingly, we expect that there will be a steady flow of business opportunities in the market which the Group operates in the coming years.

FINANCIAL REVIEW

Revenue

The Group’s revenue amounted to approximately HK\$317.9 million for the Period as compared to approximately HK\$292.6 million for six months ended 30 September 2022 (the “Previous Period”), representing an increase of approximately HK\$25.3 million or 8.6%, which was mainly attributable to favourable progress of the sports facilities project in Kowloon City as mentioned in the business review section above.

Cost of Revenue and Gross Profit

The Group's cost of revenue mainly comprised material and processing charges and subcontracting charges; the increase in cost of revenue for the Period is mainly driven by revenue growth. The Group achieved an improvement in gross profit margin to approximately 16.6% for the Period as compared to approximately 15.8% for the Previous Period, mainly as a result of successful negotiation of compensation for variation works.

Administrative and Other Operating Expenses

Administrative and other operating expenses primarily consisted of staff costs, depreciation expenses on right-of-use assets, and legal and other professional fees. Administrative and other operating expenses of the Group were approximately HK\$23.4 million for the Period compared to approximately HK\$20.0 million for the Previous Period, representing an increase of approximately 17.0% due to advance provision for year end discretionary bonus to the Directors and staff.

Finance Costs

For the Period, the Group's finance costs were approximately HK\$1.7 million compared to approximately HK\$0.6 million for the Previous Period, representing an increase of approximately 183.0% due to increase in interest rate. Finance costs for the Period mainly comprised interest on bank borrowings and interest costs of lease of right-to-use assets.

Income Tax Expense

Income tax expense of the Group amounted to approximately HK\$4.8 million for the Period, representing an increase of approximately HK\$0.2 million as compared to HK\$4.6 million the Previous Period. The effective tax rate for the Period is 16.7% which is higher than Previous Period of 16.5% because the government subsidies of approximately HK\$2.1 million in the Previous Period is non-taxable.

Profit for the Period

The Group's profit for the Period increased by approximately HK\$0.8 million, which was mainly attributable to the increase in gross profit of approximately HK\$9.3 million being offset by no government subsidies were received during the Period (Previous Period: approximately HK\$2.1 million) and increase in administrative and other operating expenses of approximately HK\$3.4 million for the Period.

Liquidity, Financial Resources and Capital Structure

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Current assets	463,942	477,427
Current liabilities	210,158	230,716
Current ratio	2.2	2.1

During the six months ended 30 September 2023, the Group financed its operations by its internal resources and banking facilities. As at 30 September 2023, the Group had net current assets of approximately HK\$253.8 million (31 March 2023: approximately HK\$246.7 million), including cash and bank balances of approximately HK\$119.7 million (31 March 2023: approximately HK\$114.8 million). The Group's current ratio as at 30 September 2023 was approximately 2.2 times (31 March 2023: approximately 2.1 times).

As at 30 September 2023, the Group had a total available banking and other facilities of approximately HK\$277.0 million (31 March 2023: approximately HK\$245.0 million).

There has been no change in capital structure of the Company since 31 March 2023. As at 30 September 2023, the equity amounted to approximately HK\$270.1 million (31 March 2023: approximately HK\$263.8 million).

Gearing Ratio

The gearing ratio is calculated as total debt to equity. Total debts include lease liabilities and bank borrowings of the Group. Equity represents total equity of the Group.

The gearing ratio of the Group as at 30 September 2023 was 9.8% (31 March 2023: approximately 20.8%) as the Group has used the revenue proceeds from key projects to partly settle short-term loans from bank. The Group's liabilities included lease liabilities arising from adoption of HKFRS16 Leases and bank borrowings as at 30 September 2023 and 31 March 2023.

FOREIGN CURRENCY EXPOSURE AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars, United States Dollars, Pound Sterling, Euro and Renminbi. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group and will closely monitor its foreign exchange position. During the Period, the Group did not engage in any hedging activities.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

PLEDGE OF ASSETS

As at 30 September 2023, the Group have bank borrowings of 20.0 million (as at 31 March 2023: 45.9 million) and banking facilities are unsecured as at 30 September 2023 (31 March 2023: nil).

As at 30 September 2023, the Group did not have any pledged deposit (31 March 2023: nil).

SIGNIFICANT INVESTMENTS

Other than the investments in its subsidiaries, the Group did not hold any significant investments during the Period.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not acquire nor dispose any subsidiaries during the Period.

CONTINGENT LIABILITIES

As at 30 September 2023, the Group did not have any significant contingent liabilities.

INTERIM DIVIDEND

The Board did not recommend a payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group had 196 staff members (31 March 2023: 198). The total employee benefit expenses for the six months ended 30 September 2023 (including Directors' emoluments, salaries to staff and other staff benefits included provident fund contributions, medical insurance coverage and other staff benefits) was approximately HK\$32.6 million. The Group determines the salary of its employees mainly based on each employee's qualifications, relevant experience, position and seniority. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee.

During the six months ended 30 September 2023, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

EVENT AFTER THE REPORTING PERIOD

No event has occurred after 30 September 2023 and up to the date of this announcement which would have a material effect on the Group

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 September 2023, the interests or short positions of the Directors and chief executive in the share of the Company (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporations which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (including interests which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Long Positions In Shares of the Company

(a) Interest in the shares of the Company

Director	Capacity/Nature of interest	Number of issued ordinary shares	Percentage of the issued share capital of the Company
Mr. Wai Yat Kin	Corporate interest	325,930,000	58.52%
	Beneficial owner	33,360,000	5.99%
	Interests held jointly	34,410,000	6.18%
Mr. Yip Pak Hung	Corporate interest	325,930,000	58.52%
	Beneficial owner	34,410,000	6.18%
	Interests held jointly	33,360,000	5.99%

(b) Interest in the shares of an associated corporation

Name of associated corporation:
Success Wing Investments Limited

Director	Capacity/Nature of interest	Number of issued ordinary shares	Percentage of shareholding
Mr. Wai Yat Kin	Beneficial owner	14,332	43.97%
	Interests held jointly	14,332	43.97%
Mr. Yip Pak Hung	Beneficial owner	14,332	43.97%
	Interests held jointly	14,332	43.97%

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2023, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests disclosed above in respect of a Director, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Long positions

Ordinary shares of the Company

Name of shareholder	Capacity/Nature of interest	Number of issued ordinary shares	Percentage of the issued share capital of the Company
Success Wing Investments Limited	Beneficial owner	325,930,000	58.52%
Ms. Lam Suk Lan Bonnie	Interest of spouse	393,700,000	70.69%
Ms. Wu Janet	Interest of spouse	393,700,000	70.69%

Save as disclosed above, as at 30 September 2023, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or otherwise notified to the Company.

SHARE OPTION SCHEME

The share option scheme was adopted by the Company on 22 September 2015 (the “Share Option Scheme”). Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. As at 30 September 2023, no share option was outstanding under the Share Option Scheme. During the Period, no share option has been granted by the Company under the Share Option Scheme.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company during the Period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the “Required Standard of Dealings”).

Having made specific enquiries of all the Directors, each of them have confirmed that they have complied with the Required Standard of Dealings throughout the Period and to the date of this announcement.

DIRECTORS’/CONTROLLING SHAREHOLDERS’ INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for the related party transactions disclosed in note 16 to the interim financial statements, no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries, or holding company was a party and in which a Director or controlling Shareholder, or an entity connected with a Director or controlling Shareholder, had a material interests, whether directly or indirectly, subsisted during or at the end of the Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance practices. It met all the code provisions of the Corporate Governance Code set out in Appendix 14 of the Listing Rules during the Period. The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of shareholders and investors. In accordance to the requirements of the Listing Rules, the Company has established an audit committee, a remuneration committee and a nomination committee with specific written terms of reference.

COMPETING INTEREST

None of the Directors, substantial shareholders of the Company and their respective associates had engaged in a business which competes or is likely to compete with the business of the Group during the Period.

AUDIT COMMITTEE

The audit committee of the Company (“Audit Committee”) comprises three independent non-executive Directors and is chaired by Ms. Lai Pik Chi Peggy, who has appropriate professional qualifications and experience as required under Rule 3.10(2) of the Listing Rules. The Audit Committee has reviewed the unaudited condensed consolidated financial information of the Group for the Period, and was of the opinion that such information complied with the applicable accounting standards and requirements, and that adequate disclosures have been made.

By order of the Board
KPa-BM Holdings Limited
Yip Pak Hung
Chairman and Executive Director

Hong Kong, 22 November 2023

As at the date of this announcement, the executive Directors are Mr. Yip Pak Hung (chairman of the Board) and Mr. Wai Yat Kin and the independent non-executive Directors are Ms. Lai Pik Chi Peggy, Mr. Lam Chi Wai, Peter and Dr. Yeung Kit Ming.

* *For identification purpose only*